

INFORMATION REPORT

CD NO.

COUNTRY Czechoslovakia

DATE DISTR. 8 MAR 50

50X1-HUM

SUBJECT General Directorate of Metal Working and
Machine Tool Factories (CZKS), Prague II,
Jungmannova 29.

NO. OF PAGES 7

PLACE
ACQUIRE

NO. OF ENCLS.
(LISTED BELOW)

DATE OF
INFO.

SUPPLEMENT TO
REPORT NO.

50X1-HUM

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE
OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE ACT 50
U. S. C. 31 AND 32, AS AMENDED. ITS TRANSMISSION OR THE REVELATION
OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PRO-
HIBITED BY LAW. REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

50X1-HUM

1. The following branches of Czech industry are centralized under control of the General Directorate of Metal Working and Machine Tool Factories (Generalni Reditelstvi Cel. Zavodu Kovodelnych a Strojirenskych, Narodni Podnik - CZKS, Prague, II, Jungmannova 29):

- a. heavy machinery
- b. light machinery
- c. motor vehicles and aircraft
- d. electrotechnical
- e. foundries and forging works
- f. consumer goods

Iron and steel works are not under CZKS administration.

2. The CZKS is directly subordinated to the Ministry for Industry and employs about 1,400 persons. The supreme authority within the CZKS is the Presidium, which is composed of delegates from the works councils of individual nationalized factories, of representatives of the Ministry for Industry, and representatives of the General Directorate itself.
3. The Presidium discusses the budget of the General Directorate, appoints the latter's higher officials and chiefs of factories and their deputies, and exercises control over the activities of the General Directorate. The administrative expenses of the General Directorate are covered by funds paid in every three months to the Zivno Bank by the nationalized works, which obtain them by deducting 1% from salaries and wages. CZKS controls 64 nationalized enterprises, comprising about 640 individual factories. The latter figure is likely to vary with the closing of some factories and the nationalizing of others. The General Directorate also has a secretariat for personnel and political matters.
4. The Director General of CZKS is Dr. Ing. Frantisek Fabinger, who was nominated directly by the Ministry for Industry. He has four assistants or deputies with the rank of Chief Directors who are in charge of the following four Chief Directorates:
 - a. Administration
 - b. Technical
 - c. Social-Political Policy
 - d. Commercial

CONFIDENTIAL

CLASSIFICATION

SECRET/CONTROL - U. S. OFFICIALS ONLY

STATE	<input checked="" type="checkbox"/>	NAVY	<input checked="" type="checkbox"/>	NSRB	<input checked="" type="checkbox"/>	DISTRIBUTION									
ARMY	<input checked="" type="checkbox"/>	AIR	<input checked="" type="checkbox"/>	FBI	<input checked="" type="checkbox"/>										

50X1-HUM

Document No. 013
No Change in Class. ☐
☐ Declassified
Class. Changed To: TS SC
Auth.: HR 70-2
Date: 26 APR 1978

CONFIDENTIAL

SECRET/CONTROL - U. S. OFFICIALS ONLY

CENTRAL INTELLIGENCE AGENCY

-2-

50X1-HUM

5. Director General Fabinger, [REDACTED]

[REDACTED] Since 1945 he has paid reported visits to the USSR, Poland, Rumania, Bulgaria, and Yugoslavia to negotiate on questions of technical collaboration.

6. Fabinger is also a member of the CSR-Polish Technical Committee, the task of which is to coordinate production programs between the two countries with a view to avoiding duplication of products. Prolonged visits have been paid by members of each country to the other country in connection with this work.

7. [REDACTED]

50X1-HUM

8. The confidential collaborator of the Director General and his political secretary is Mostecky (fnu) of the Political Secretariat, who exercises a strong influence on the nationalization of factories and is the liaison man between the General Directorate and the works councils. He was chairman of the Action Committee of CZKS at the time of the February 1948 putsch, and his influence has grown considerably since then.

9. The technical assistant to the Director General is the Inspector General of CZKS, Engineer Hromadka, former director of Skoda. Prior to his present appointment he held the post of Special Director for Heavy Machine Industry. He is a good specialist and appears politically indifferent. After 1945 he published a strong article against the activities of the works councils, whereupon he was transferred to his present post. His duties comprise technical control and co-ordination of output of all nationalized works. He also has power to amalgamate works within CZKS, distribute production among individual works, dissolve enterprises and transfer production from one factory to another. He is in control of all subordinated technical services.

10. The Personnel Secretariat deals with the agendas of the General Directorate and drafts all circulars to the nationalized works. The circulars issued by the Chief Directors also must pass through this secretariat and be approved by the Director General.

11. The Chief Directorate of Administration is composed of the following departments:

- a. The Administration of the General Directorate.
- b. General Organization of Administration of H.C. and of Nationalized Works.
- c. Financial Bookkeeping of the Nationalized Works.
- d. Transport Bookkeeping of the Nationalized Works.
- e. Capital Investment in the Nationalized Works.
- f. Budget Department for Nationalized Works.
- g. Control of Accounts.
- h. Legal Department.

12. The Chief Director of Administration and the administrative assistant to the Director General is engineer Polzeer (fnu), former administrative director of Skoda, who has introduced in the nationalized factories a combination of the Skoda and Bata organization systems. He has issued detailed Regulations for Organization covering the following subjects; organization of financial, transport and investment bookkeeping, method of valuation and depreciation of capital investments, ascertaining of stock assets, incoming and outgoing mail, registration of current and of secret mail, organization of correspondence, of archives, of telephones, telegraph and teletype services between nationalized works, the cash department, and the insurance department of the plant.

CONFIDENTIAL

SECRET/CONTROL - U. S. OFFICIALS ONLY

CONFIDENTIAL CONTROL - U.S. OFFICIALS ONLY

CENTRAL INTELLIGENCE AGENCY

-3-

50X1-HUM

13. Polzer has further issued a special schedule subdivided into 12 monthly periods and to be used for the budget returns of individual plants, thus ensuring detailed control of requirements by the General Directorate. He has a large staff of qualified accountants. There is a uniform system of finance bookkeeping to which all plants under CZKS have to conform. All financial transactions of plants in Bohemia and Moravia are centralized at the Zivno Bank and those of Slovakia at the Tatra Bank.
14. The control of accounts department of the Chief Directorate carries out controls by specialists in all nationalized works, beginning with the supply of raw materials and ending with the sale of products. It also controls labor and wages, the keeping of stocks and the works' accounts.
15. The legal department deals with all transfers of property, entries and cancellations in the register of landed property, and it advises in all legal disputes affecting the nationalized plants.
16. The Chief Technical Directorate comprises the following departments:
 - a. The Technical Direction (Fachdirektion) for Heavy Machinery.
 - b. The Technical Direction for Light Machinery and Precision Machinery.
 - c. The Technical Direction for Motor Vehicles and Aircraft.
 - d. The Technical Direction for Electrotechnical Work.
 - e. The Technical Direction for Foundries and Forging Plants.
 - f. The Technical Direction for Consumer Goods.
17. The following general technical departments are also subordinated to the Chief Technical Directorate:
 - a. The Central Organization of Production (UOV).
 - b. The Central Planning for Production (UPV).
 - c. The Central Department for Maintenance of Means of Production (HVP).
 - d. Department for Supply of Means of Production (OVP).
 - e. Installation Department (ZO).
 - f. Central Administration of Power Supply (UEH).
 - g. Central Technical Archives (TDS).
 - h. Research Department (OV).
18. The Chief Technical Director and technical assistant to the Director General is Engineer Novak (fnu), formerly director of CKD. A good technician and very reserved, he does not openly support the KSC. As distinct from the circulars of the General Directorate, Novak's circulars are always strictly technical and non-political.
19. Details on departments of the Chief Technical Directorate enumerated above:
 - a. Heavy Machinery:
 The head of this department is Engineer Schneeberger (fnu), formerly of CKD. This department deals with all production of heavy machinery, dredgers, mining plants, plants for iron and steel furnaces, cable making plants, bridge construction, shipbuilding, cranes, conveyors, steam engines, compressors, boilers, railway engines, railway carriages, sugar factories, distilleries and breweries, mills, agricultural machines, heavy combustion engines, foundry plants, coke plants, generators, gas works, water and gas turbines, hydro-generators, etc. This department decides in all matters which are beyond the competence of directors of individual plants. All major projects of individual plants have to be passed by a research office in this department. All proposals for capital investment have to be approved here before they are passed on to the installation department and the department for the supply of means of production.
 - b. Light Machinery and Precision Machinery:
 The head of this department is Engineer Langer (fnu), former director of Zbrojovka in Kurim. A technician, he refuses to discuss politics. His assistant is Engineer Hrdlicka (fnu). This department handles the production of metal- and

CONFIDENTIAL CONTROL - U.S. OFFICIALS ONLY

CONFIDENTIAL / CONTROL - U.S. OFFICIALS ONLY

CENTRAL INTELLIGENCE AGENCY

-4-

50X1-HUM

wood-working machines, ammunition machines, screws, heavy presses, turning lathes, optical instruments, aiming devices, typewriters, calculating machines, printing and sewing machines. It controls the execution of the production plan, has its own research office, and has similar duties in its own sphere to those described in (a) above.

c. Motor Vehicles and Aircraft:

Name of head not known. It deals with motor vehicles, bicycles, tractors, and aircraft. Remarks in para. (a) as to functions also apply here. Particular attention is being given to production of jet engines. Aircraft research and the production of aircraft are controlled by the Czech Air Force.

d. Electrotechnical Work:

The head of this department is Engineer Kvet (fnu), former director of CKD planning department, and an active member of the Party. The department deals with electro-motors, transformers, dynamos, equipment for power stations, resistance welding apparatus, wireless transmitters and receivers, gramophones, telephone, telegraph and teletype equipment, medical apparatus, safety devices for mines, ships, airports, roads, and railways, electrical control and measuring instruments, accumulators. The research section of this department is attached to the largest plant of this group, Tesla.

e. Foundries and Forging Works:

The head of this department is Dr. Engineer Plesinger, former head of the steel works Ringhofer-Tatra in Roudnice (known before the war as the Rudolf Baecker steel works). His assistant is Dr. Engineer Koryta (fnu). 50X1-HUM

Both are good technicians, and neither is a Communist. Their main task is the mechanization of foundries, the study of profit and loss in the manufacture of iron castings, and the improvement of technical organization. Koryta was to be sent to the USSR to study Soviet foundry technique, of which the Director General holds a very high opinion. The functions of the department are similar to those of the department for heavy machinery. The liaison officer between CZKS and the Economic Group for Iron and Metals is Engineer Habart (fnu), an active Communist who was the originator of the quota system for foundries which has been in force since 1 January 1949 and under which allocations of iron to private enterprises under the five-year plan have been discontinued in order to put the last remaining survivors out of business. Habart is responsible for distributing raw materials to individual plants, some of which are under his control. 50X1-HUM

f. Consumer Goods:

The head of this department is Engineer Masek (fnu), an enthusiastic member of the KSC, and a former director of Skoda. Everything he does is guided by political considerations. The department deals with metal ovens and kitchen ranges, metal furniture, machinery for bakers and confectioners, gas ranges, as well as toys and perambulators. For the production of the last two groups of goods a special national concern has been established under the name of Radovan, and President Gottwald has personally arranged for the production of perambulators under the five-year plan to be raised by 50,000 to encourage an increase in population. This department also acts as a central office for all the small private and nationalized factories of consumer goods now amalgamated under Radovan. As part of this policy a whole new industrial town has been built in Mariánská Lázeň near Olomouc consisting of factories producing stoves, kitchen equipment, boilers, enamel goods, etc. This center is called Moravia (formerly the firm of Moravia A.G.), and is greatly over-planned, so that there is no possibility of its keeping up to its production capacity. The reason for this is that the heavy exports which had been counted on have not been realized. Under the five-year plan quotas for consumer goods were very much reduced in favor of supplies allocated to heavy industry. The functions of the head of this department are similar to those of the head of the heavy machinery department.

CONFIDENTIAL / CONTROL - U.S. OFFICIALS ONLY

CONFIDENTIAL CONTROL - U.S. OFFICIALS ONLY

50X1-HUM

CENTRAL INTELLIGENCE AGENCY

-5-

g. Central Production Organization (UOV):

The head of this department is Engineer Hirschfeld (fnu), former Director of Organization at the Skoda Works, a specialist who has written several books about the organization of production. This section is concerned with the technical organization of the nationalized concerns, particularly with the economic use of machinery and the proper care and use of tools. Also among the duties of this section are the organization of the movement of materials (Materialzusub), preparation for production, standardization of machines, machine parts, tools and measuring instruments, etc. A separate group is responsible for general standardization, namely the group headed by Engineer Jetmar (fnu), formerly standardization specialist with CKD, which works out the norms for all nationalized concerns.

h. Central Planning for Production (UPV):

The head of this section is Engineer Musel (fnu), formerly Director of the "Zbrojovka" (arms factory), and his assistants are Engineer Cerny (fnu), who deals with planning and the distribution of supplies, and Engineer Matejovsky (fnu), who controls, in collaboration with technical and factory managements, the planning of production for all branches of the CZKS. Particular attention is at present being paid to this central planning. The tasks for the Five-Year Plan are received by the CZKS from the State Planning Offices (SUP), as also are allocations of materials to the separate nationalized concerns.

i. Central Department for the Maintenance of Means of Production (HVP):

This department is located in the Palace of the Central Union for Industry, Prague II, Na Prikope. The chief officials are: Head - Engineer Novy (fnu); Machine Technician - Roetsch (fnu); Building Technician - Engineer Novy (fnu). This department issued so-called guiding figures for all projects for building and machinery for all nationalized concerns. The overall figures for CZKS projects are received by the department directly from the state planning office through the Ministry for Industry, and it is this department which gives the final approval for investments in machinery and construction work. After this has been done, the department sends the breakdown of the approved work for the various concerns to the Section for the Financing of Investments of the supreme administrative office, so that they can be checked there.

j. Department for Supply of Means of Production (OVP):

The head of this department is Engineer Dospisil (fnu), and the duty of the OVP is to find supplies of such raw materials as the nationalized concerns cannot provide from their own resources. The OVP forms the liaison between the CZKS and the Czech mines. There is a separate group concerned with the provision of non-ferrous metals and ball bearings from abroad. The difficulty of obtaining ball bearings is one of the main handicaps in the production of automobiles and processing machines, and the department has even been forced to issue the order to the effect that concerns should go back to the construction of plain bearings, which used to be used instead of ball bearings. OVP also arranges the exchange of machines among the separate nationalized concerns, and has for this purpose set up an exchange office in the old Gewerbehof in the old exhibition grounds (Stare Vystaviste).

k. Installation Department (ZO):

This is located in the Fenix Palace in the Vavelske namesti where a large technical office has been setup in the former bar. About 30 technicians are employed there on drawing up the basic plans for future building projects in separate nationalized concerns. The head of this section is Engineer Hoffner (fnu), who has 50X1-HUM worked out a comprehensive Book of Rules for planning projects under the Five-Year Plan. This department checks all plans of building projects, which must first be approved by the appropriate departmental heads.

CONFIDENTIAL CONTROL - U.S. OFFICIALS ONLY

CONFIDENTIAL / CONTROL - U.S. OFFICIALS ONLY

CENTRAL INTELLIGENCE AGENCY

-6-

1. Central Administration of Power Supply (UEH):

This section is headed by Eng. Dostal (fnu), formerly head of the administration of power supply at the Skoda Works. The duties of the section cover the economic exploitation of power supplies from generation to consumption. It negotiates with the Czech electrical works in the drawing up of tariffs for industrial power and checks the consumption of power per working hour by means of a naxigraph compiled by the nationalized concerns from the quantity of power consumed and the exact number of hours worked. Power administrators have also been appointed for all nationalized concerns on the orders of the Ministry for Industry.

m. Central Technical Archives (TDS):

This is located in the Central Technical Library in Prague I and has the duty of procuring from abroad all technical and specialist literature for the nationalized concerns, prospectuses, specifications, etc. For this purpose technical experts are sent abroad, where they buy the books in question and send them direct to the TDS. Translations are made in the TDS, and monthly bulletins for all nationalized concerns are issued from there. The TDS is in touch with the Technical High Schools.

20. Attached to the Technical Chief Directorate there is also a section for reparations and restitution, which, through the Foreign Ministry and the Ministry for Foreign Trade, deals with reparations from Germany. It prepares lists of the reparations machines and circulates these to the nationalized concerns, so that they can put in their claims. The "restitution machines" are those which were taken away by the Germans during the war, and which are now distributed by the Fund for National Reconstruction. These machines are in stores in Decin-Podmokly, Hroby, and Pecky.

21. The Chief Social-Political Directorate is divided into the following sections:

- a. Personnel Section
- b. Political Section
- c. Social Section
- d. Waves Section
- e. Section for Continuation Studies (This section compiles the state catalogue of work)
- f. Cultural Section
- g. Security Section

22. The Chief Social-Political Director and assistant to the Director-General is Decent Otto Schmidt 50X1-HUM

His duty covers the provision of workers for all nationalized concerns, and for this purpose he enters into negotiations with the labor offices, gives instructions for the distribution of workers, organizes the training of untrained workers, and is trying to introduce women workers. He deals with the expansion of industry provided for under the Five-Year Plan, in connection with which it has been prescribed that all nationalized concerns must train the appropriate number of apprentices. With this end in view, considerable sums have been made available for social investments such as the building of accommodation for apprentices, bachelors apartments, and schools.

23. In the social sphere, it is the duty of the Social-Political Director to make proposals for the building of new houses and cultural centers. His building technician is Professor Bendl (fnu), who co-operates closely with the Supply Department (section OVP).

CONFIDENTIAL / CONTROL - U.S. OFFICIALS ONLY

~~CONFIDENTIAL~~/CONTROL - U.S. OFFICIALS ONLY

CENTRAL INTELLIGENCE AGENCY

-7-

50X1-HUM

24. Dr. Schmidt's pet mania is the political education of all CZKS employees. With the collaboration of the KSC he has organized 14-day political education courses, chiefly for the leading personalities of those nationalized concerns and factories which have accommodation for their students on the premises. Two courses are always in progress, one in Litomerice and the other somewhere in the Prachovske Skaly district (Prachovfelsen in Elbetal, just where the river leaves the frontier). At the end of the course each student has to take a written and an oral examination. This course has had to be attended by all chief and technical directors, then by all factory and works directors and all section leaders of nationalized concerns and factories. The instruction is compulsory and lasts from 8 to 12 in the morning. In the afternoon from 1400 to 1900 hours there is a free political discussion, in which a tried KSC functionary puts political questions to a small circle of students, who then proceed to debate them.
25. A further matter which comes under the jurisdiction of the Chief Social-Political Director is the rewards policy. He is attempting to set up a system of rewards in all factories and to ensure that the rewards are received as soon as possible after they are earned. In cultural matters, courses for heads and instructors at apprentices' schools are being arranged.
26. The Security Section has the duty of supervising the safety of the workers. Courses are held for security officers for all the nationalized concerns and the factories under their control; monthly accident reports have to be handed in, and it is also the duty of this section to arrange safety measures in factories against fire and theft. A directive has been issued, which contains a precise list of security measures to be taken and instructions on the admission of outsiders.
27. The Chief Commercial Directorate is divided into the following sections:
- a. Section for Sales Organization
 - b. Section for Internal Trade
 - c. Export Section
 - d. Section for Internal Sales Planning
 - e. Section for Export Planning
28. The Chief Commercial Director and assistant to the Director-General is Engineer Kratky (fnu), formerly sales chief with TOS (factories for processing machines).
29. The task of the Chief Commercial Director is organizing home and foreign trade as a basis for industrial production. The trade planning is carried out in collaboration with the Ministry for Internal and Foreign Trade and forms the basis on which the State Planning Office works. All export business must be handled through this chief directorate, and it is here that trade agreements, translations of tenders, and specifications are prepared, negotiations about conditions of payment arranged, and export prices laid down. It is also the report center for information from foreign experts engaged in commercial espionage. This information is called "Dayone" and is strictly secret. The Directorate also issues circulars about international trade agreements.

~~CONFIDENTIAL~~/CONTROL - U.S. OFFICIALS ONLY